

**FISCAL NOTE**  
**SB 1545 - HB 990**

February 26, 2001

**SUMMARY OF BILL:** Requires a one-day sales tax exemption on April 15, 2001 on the sale at retail of any single item or taxable service of less than \$5,000. Requires the Commissioners of Revenue, Health, and Human Services to jointly report in writing to the Governor and to each member of the General Assembly the departments' full analyses of the economic impact of the one-day tax exemption.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Exceeds \$18,548,600 One-Time**

**Decrease Local Govt. Revenues - Exceeds \$6,955,725 One-Time**

Revenues

State

\$309,143,334 Sales Tax Base x 6%	\$15,548,600
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Local

\$309,143,334 Sales Tax Base x 2.25%	\$6,955,725
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Estimate assumes:

1. A normal sales tax base of \$206,095,556 (\$74,194,400,067 x 1/360).
2. A one-day increase in the sales tax base to \$309,143,334 resulting from at least a 50% increase in purchases on such a day since:
  - Vendors would take advantage of the exemption and promote sales heavily;
  - Consumers, particularly businesses, would delay purchases until that day to avoid taxation; and
  - Some consumers would purchase items that they might have delayed, since they could avoid the tax.
3. A sales tax rate of 8.25% of which 6.00% is state sales tax and 2.25% is local sales tax.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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